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§ 15.55 Reasons for terminating collection action.

The NRC may terminate collection activity when:

- (a) The NRC is unable to collect any substantial amount through its own efforts or through the efforts of others;
- (b) The NRC is unable to locate the debtor;
- (c) Costs of collection are anticipated to exceed the amount recoverable;
- (d) The debt is legally without merit or enforcement of the debt is barred by any applicable statute of limitations;
- (e) The debt cannot be substantiated; or
- (f) The debt against the debtor has been discharged in bankruptcy.

[67 FR 30323, May 6, 2002]

§ 15.57 Termination of collection action.

(a) Before terminating collection activity, the NRC should have pursued all appropriate means of collection and determined, based upon the results of the collection activity, that the debt is uncollectible. Termination of collection activity ceases active collection of the debt. The termination of collection activity does not preclude the NRC from retaining a record of the account for purposes of:

- (1) Selling the debt, if the Treasury determines that such sale is in the best interests of the United States;
- (2) Pursuing collection at a subsequent date in the event there is a change in the debtor's status or a new collection tool becomes available;
- (3) Offsetting against future income or assets not available at the time of termination of collection activity; or
- (4) Screening future applicants for prior indebtedness.

(b) Generally, the NRC will terminate collection activity on a debt that has been discharged in bankruptcy, regardless of the amount. However, the NRC may continue collection activity, subject to the provisions of the Bankruptcy Code, for any payments provided under a plan of reorganization.

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§ 15.59 Exception to termination.

When a significant enforcement policy is involved, or recovery of a judg-

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ment is a prerequisite to the imposition of administrative sanctions, the NRC may refer debts for litigation, although termination of collection activity may be appropriate.

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§ 15.60 Discharge of indebtedness; reporting requirements.

(a) Before discharging a delinquent debt (also referred to as a close out of the debt), the NRC shall take all appropriate steps to collect the debt in accordance with 31 U.S.C. 3711(g), including, as applicable, administrative offset; tax refund offset; Federal salary offset; referral to Treasury, Treasury-designated debt collection centers, or private collection contractors; credit bureau reporting; wage garnishment; litigation; and foreclosure. Discharge of indebtedness is distinct from termination or suspension of collection activity under 10 CFR 15.55 and 15.57 and is governed by the Internal Revenue Code. When collection action on a debt is suspended or terminated, the debt remains delinquent, and further collection action may be pursued at a later date. When the NRC discharges a debt in full or in part, further collection action is prohibited. Therefore, the NRC will make the determination that collection action is no longer warranted before discharging a debt. Before discharging a debt, the NRC must terminate debt collection action.

(b) Section 3711(i), title 31, United States Code, requires agencies to sell a delinquent nontax debt upon termination of collection action if Treasury determines such a sale is in the best interests of the United States. Since the discharge of a debt precludes any further collection action (including the sale of a delinquent debt), the NRC may not discharge a debt until the requirements of 31 U.S.C. 3711(i) have been met.

(c) Upon discharge of an indebtedness, the NRC shall report the discharge to the IRS in accordance with the requirements of 26 U.S.C. 6050P and 26 CFR 1.6050P-1. The NRC may request Treasury or a Treasury-designated debt collection center to file a discharge report to the IRS on the NRC's behalf.

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(d) When discharging a debt, the NRC shall request that litigation counsel release any liens of record securing the debt.

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Subpart E—Referral of a Claim

§ 15.61 Prompt referral.

(a) The NRC shall promptly refer debts that are subject to aggressive collection activity (as described in subpart B of this part) and that cannot be compromised, or debts on which collection activity cannot be suspended or terminated, to DOJ for litigation. Debts for which the principal amount exceeds \$1,000,000, or such other amount as the Attorney General may direct, exclusive of interest and penalties, must be referred to the Civil Division or other division responsible for litigating such debts at DOJ, Washington, DC. Debts for which the principal amount is \$1,000,000 or less, or such other amount as the Attorney General may direct, exclusive of interest or penalties, must be referred to the DOJ's Nationwide Central Intake Facility, as required by the CCLR instructions. Debts will be referred as early as possible, consistent with the NRC's aggressive collection activity and well within the one year of the NRC's final determination of the fact and the amount of the debt.

(b) DOJ has exclusive jurisdiction over the debts referred to in paragraph (a) of this section. The NRC shall terminate the use of any administrative collection activities to collect a debt when the debt is referred to DOJ. The NRC shall advise the DOJ of the collection activities it used and the results. The NRC shall refrain from having any contact with the debtor and shall direct all inquiries to DOJ. The NRC shall immediately notify DOJ of any payments credited to the debtor's account after the account has been referred to DOJ. DOJ shall notify NRC in a timely manner of any payments it receives from the debtor.

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§ 15.65 Referral of a compromise offer.

The NRC may refer a debtor's firm written offer of compromise, which is

substantial in amount, to the Civil Division or other appropriate litigating division in DOJ using a CCLR accompanied by supporting data and particulars concerning the debt.

[67 FR 30324, May 6, 2002]

§ 15.67 Referral to the Department of Justice.

(a) Unless excepted by DOJ, the NRC shall complete the CCLR accompanied by a Certificate of Indebtedness, to refer all administratively uncollectible claims to the DOJ for litigation.

(b) The NRC shall indicate the actions it wishes DOJ to take regarding the referred claim on the CCLR.

(c) Before referring a debt to DOJ for litigation, the NRC shall notify each person determined to be liable for the debt that, unless the debt can be collected administratively, litigation may be initiated. This notification must comply with Executive Order 12988 (3 CFR, 1996 Comp., pp 157-163) and may be given as part of a demand letter or as a separate document.

(d) The NRC shall preserve all files and records that DOJ may need to prove the claim in court.

(e) The NRC may ordinarily not refer for litigation claims of less than \$2,500, exclusive of interest, penalties, and administrative charges, or such other amount as the Attorney General shall from time to time prescribe.

(f) The NRC may not refer claims of less than the minimum amount unless:

(1) Litigation to collect a smaller claim is important to ensure compliance with NRC's policies and programs;

(2) The claim is being referred solely to secure a judgment against the debtor, which will be filed as a lien against the debtor's property under 28 U.S.C. 3201 and returned to the NRC for enforcement, or

(3) The debtor has the clear ability to pay the claim, and the Government effectively can enforce payment, with due regard for the exemptions available to the debtor under state and Federal law and the judicial remedies available to the Government.

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